

PR

NATURAL RESERVES GROUP, INC., §
 Plaintiff, Counter-Defendant, §

v. §

BAKER HUGHES INCORPORATED, §
 ET AL., §

Defendants, Counter-Plaintiffs, §

v. §

HALLIBURTON ENERGY SERVICES, §
 INC., HALLIBURTON COMPANY, §
 and SPERRY-SUN DRILLING §
 SERVICES, INC., §

Counter-Defendants. §

IN THE DISTRICT COURT OF

FILED
 CHARLES BACARISSE
 District Clerk

MAR 17 1998

HARRIS COUNTY, TEXAS

By _____ Deputy

333RD JUDICIAL DISTRICT

**SUPPLEMENTAL AGREED PROTECTIVE ORDER
 BETWEEN BAKER HUGHES INCORPORATED ET AL.,
 HALLIBURTON ENERGY SERVICES, INC.,
 HALLIBURTON COMPANY AND
 SPERRY-SUN DRILLING SERVICES, INC.**

Upon consideration by the Court, due notice having been given and being fully apprised in the premises, the Court finds that an Agreed Protective Order pursuant to Rule 166b(5) of the Texas Rules of Civil Procedure should be entered.

IT IS HEREBY ORDERED THAT:

1. Any matter produced in the above-referenced case ("the litigation") by any party may be designated as "Confidential Information" and/or "Highly Confidential Information," including such matter in the pleadings, motions, and related papers, or produced or exchanged in the course of the litigation pursuant to pre-trial discovery requests, and shall be deemed confidential and proprietary information which shall be used solely for the purposes of the litigation. The term "party" or "parties", in addition to the parties to this lawsuit, shall also be

deemed to include any third party or non-party witness who may be required to disclose information deemed to be Confidential and/or Highly Confidential Information by such third party or non-party witness. A party to this lawsuit may designate as "Confidential Information" or "Highly Confidential Information" information disclosed by a non-party. No party shall utilize "Confidential Information" or "Highly Confidential Information" designations without reasonable justification or cause, or in a manner that shall necessitate, under the circumstances, an unreasonable expenditure of time, effort, or expense on the part of any of the other parties.

2. "Confidential Information" and "Highly Confidential Information" as used herein includes any type or classification of information which is designated as Confidential or Highly Confidential by any party, whether it be a document or any other tangible thing, including but not limited to e-mail, voice mail, magnetically recorded data and optically recorded data, information contained in a document, etc., information revealed during a deposition, information revealed in an interrogatory, interrogatory answer, or otherwise. In designating information as "Confidential Information" or "Highly Confidential Information," a party shall make such designation only as to that information which the party in good faith believes constitutes confidential or highly confidential information. "Confidential Information" or "Highly Confidential Information" shall be designated specifically by marking the document or thing with an identification of the producing party and the legend "CONFIDENTIAL" or "HIGHLY CONFIDENTIAL" or by bracketing that part of the contents of each portion of a document or thing deemed to be confidential or highly confidential and by marking the thing or page of a document containing the bracketed information with an identification of the producing party and the legend "CONFIDENTIAL" or "HIGHLY CONFIDENTIAL."

3. Information disclosed at the deposition of a party or one of its present or former officers, directors, employees, agents or independent experts or consultants retained by a party for

purposes of the litigation, of any non-party witness, may be designated by any party as Confidential and/or Highly Confidential Information by indicating on the record at the deposition that the specified part of the testimony and/or any document or things marked for identification is Confidential and/or Highly Confidential Information and subject to the provisions of this Protective Order. Each deposition transcript shall be treated as Highly Confidential in its entirety for a period of thirty days after receipt of the transcript by attorneys for each of the parties; provided, further, that such confidentiality shall extend to any person in attendance at the taking of the testimony. Any party may also designate information disclosed at a deposition as Confidential and/or Highly Confidential Information by notifying, in writing, all parties and witnesses at the deposition, within thirty days after the entry of this Protective Order or the receipt of the transcript of the deposition, whichever occurs later, of the specific pages and lines of the transcript which contain Confidential and/or Highly Confidential Information. Each party shall cause a copy of such written statement to be attached to the face of the original transcript and each copy thereof in that party's possession, custody or control.

4. Except as hereinafter provided, information designated "Confidential" pursuant to this Order and the contents thereof shall not be shown to, discussed with or otherwise disclosed to any person other than:

(A) attorneys of record and "of counsel," their associate attorneys and regular employees of these attorneys to whom it is necessary that the information be shown for purposes of this litigation;

(B) corporate counsel designated at the end of this Order, their associate attorneys and regular employees of these attorneys to whom it is necessary that the information be shown for purposes of this litigation;

(C) independent qualified persons (1) who are not employees of any party to this lawsuit, (2) who have not, during the three year period of time immediately prior to engagement in this litigation, devoted more than 50 percent of their time to consulting in the multi-lateral or horizontal drilling business for any party to this litigation or for a single competitor of any party, and (3) who are retained by an attorney of record or party in this litigation solely for the purposes of discovery, preparation and trial of this litigation (e.g., independent technical experts or consultants);

(D) corporate officers or employees for each corporate party to whom it is necessary that the information be shown for purposes of this litigation;

(E) Stephen A. Graham, who is no longer employed by Natural Reserves Group, Inc., but continues to have a financial stake in Natural Reserves Group, Inc. and the technology at issue in this litigation;

(F) the authors, originators or addressees of the material designated "Confidential";

(G) any person already in possession of the material designated "Confidential" who received the information other than through any party under the terms of this Protective Order and other than through a breach of confidence owed to any party;

(H) persons specially retained by counsel to assist with this litigation, including court reporters, videographers, and document copy services; and

(I) this Court.

5. Except as hereinafter provided, information designated "Highly Confidential" pursuant to this Order and the contents thereof shall not be shown to, discussed with or otherwise disclosed to any person other than:

(A) attorneys of record and "of counsel," their associate attorneys and regular employees of these attorneys to whom it is necessary that the information be shown for purposes of this litigation;

(B) corporate counsel designated at the end of this Order, their associate attorneys and regular employees of these attorneys to whom it is necessary that the information be shown for purposes of this litigation;

(C) independent qualified persons (1) who are not employees of any party to this lawsuit, (2) who have not, during the three year period of time immediately prior to engagement in this litigation, devoted more than 50 percent of their time to consulting in the multi-lateral or horizontal drilling business for any party to this litigation or for a single competitor of any party, and (3) who are retained by an attorney of record or party in this litigation solely for the purposes of discovery, preparation and trial of this litigation (e.g., independent technical experts or consultants);

(D) the authors, originators or addressees of the material designated "Highly Confidential";

(E) any person already in possession of the material designated "Highly Confidential" who received the information other than through any party under the terms of this Protective Order and other than through a breach of confidence owed to any party;

(F) persons specially retained by counsel to assist with this litigation, including court reporters, videographers, and document copy services; and

(G) this Court.

Provided, however, that the persons designated under Paragraph 5(B) of this Order [unless entitled to access under another provision in this paragraph] shall not be provided or shown originals or copies of any of the following categories of Highly Confidential Information: (1)

unpublished drawings including, but not limited to, machine drawings, production drawings, design and/or concept drawings and patent concept or pending patent application drawings for patents which have not yet been published; (2) patent concept files and pending patent applications for patents which have not yet been published; (3) unpublished manufacturing processes; and (4) unpublished financial data including, but not limited to, marketing plans, financial or sales forecasts, profit projections and market analyses.

6. Nothing in this Protective Order shall be construed to require the production of any type of information or documents by any party, and no party waives any objection to the production of such information or documents by agreeing to the language of this Protective Order. Nothing shall prevent disclosure beyond the terms of this Protective Order if every party designating the information as Confidential or Highly Confidential Information consents to such disclosure, or if the Court, after notice to all affected parties, permits such disclosure. Nor shall anything herein prevent any counsel of record from utilizing Confidential and/or Highly Confidential Information in the cross-examination of any person who is alleged to be or has claimed to be the author or source or recipient of the Confidential and/or Highly Confidential Information, irrespective of which party produced the information.

7. Any person listed in paragraphs 4(C), 4(D) and 5(C) of this Protective Order to whom such Confidential or Highly Confidential Information is disclosed shall be given a copy of this Protective Order prior to being provided with said information and shall be advised that he or she is subject to its provisions. Any person listed in paragraphs 4(C), 4(D) and 5(C), shall acknowledge by execution of the Agreement of Confidentiality attached as Exhibit A that he or she has read, understood and is subject to the provisions of this Order and will not disclose such Confidential and Highly Confidential Information except in accordance with the terms of this Order.

8. Counsel for each party shall be responsible for maintaining copies of acknowledgments signed by those people to whom that party or his agents, employees, consultants or counsel make available such Confidential and Highly Confidential Information. Such acknowledgments shall be available for inspection by counsel for any party upon reasonable notice, except acknowledgements regarding consulting experts. Acknowledgments regarding consulting experts shall be available for *in camera* inspection by the Court, and then upon Court Order available to the parties upon good cause shown and subject to any additional Protective Order entered by the Court.

9. Nothing in this Protective Order shall preclude use or disclosure of such Confidential and/or Highly Confidential Information to a witness in preparation for, or during, any deposition or pre-trial hearing, provided that the terms of this Protective Order are met. Use of such Confidential and/or Highly Confidential Information at trial or at a hearing shall be determined by the Court, or as the parties otherwise may agree.

10. Any party may designate information as Confidential Information and/or Highly Confidential Information at any time but said designation has only prospective effect.

11. A party shall not be obligated to challenge the propriety of a Confidential Information designation or a Highly Confidential Information designation at the time made, and a failure to do so shall not preclude a subsequent challenge thereto. In the event that any party disagrees at any stage of the proceedings with the designation by another party of the Confidential and/or Highly Confidential Information, the parties shall first try to dispose of such dispute in good faith on an informal basis. If the dispute cannot be resolved, the objecting party may seek appropriate relief from the Court, and the party asserting confidentiality shall have the burden of proving same.

12. The Clerk of the Court is directed to maintain under seal all documents and all transcripts of deposition testimony filed with the Court in the litigation by any party to this action which are, in whole or in part, designated as Confidential and/or Highly Confidential Information including all pleadings, deposition transcripts, exhibits, discovery responses or memoranda purporting to reproduce or paraphrase such information. The Confidential and/or Highly Confidential Information shall be filed in sealed envelopes or other appropriate sealed containers which shall be endorsed with the title of the action, with an identification of the nature of the contents of such sealed envelopes or other containers, with the word "CONFIDENTIAL" and/or "HIGHLY CONFIDENTIAL" and the statement in substantially the following form:

"This contains documents which are filed in this case by [name of party/name of deponent], and is not to be opened or the contents thereof to be displayed or revealed except by Order of Court."

13. In the event that a party wishes to use any Confidential and/or Highly Confidential Information in any affidavit, brief, memorandum of law or other paper filed in Court in the litigation, such Confidential and/or Highly Confidential Information used therein shall be filed and maintained under seal by the Court except with regard to trial of this case. It is the obligation and burden of the party designating information as Confidential and/or Highly Confidential to obtain an additional protective order regarding the use of Confidential and/or Highly Confidential Information in open court including at trial.

14. All documents and things designated Confidential and/or Highly Confidential pursuant hereto shall be maintained in the custody of the parties' outside counsel of record. Copies of documents and things designated Confidential and/or Highly Confidential may be distributed to persons entitled to review such materials as designated in paragraphs 4 and 5; provided, however, outside counsel of record shall be responsible for maintaining a record of all copies distributed and shall be responsible for retrieving and disposing of those copies in accordance with the terms of

this Protective Order. Within sixty days after the entry of final judgment in the litigation, including appeals or petitions for review, the original of each Confidential and/or Highly Confidential document and thing produced by a party shall be returned to the producing party and all copies of each such document and thing, as well as all notes, summaries, digests and synopses of the Confidential and/or Highly Confidential Information shall be destroyed, except that counsel of record may retain a copy of all Confidential and/or Highly Confidential matters that are a part of the record as filed with the Court in this case. Notice of such destruction shall be given to counsel promptly thereafter.

15. Insofar as the provisions of this Protective Order restrict the use or communication of any document or information produced hereunder, such Order shall continue to be binding after the conclusion of this litigation, except that a party may seek the written permission of all affected parties or further Order of the Court with respect to dissolution or modification of this Protective Order.

16. This Protective Order shall not be construed as a waiver by the parties of any objection which might be raised to the admissibility of any evidentiary material. This Protective Order shall be without prejudice to the rights of any party to oppose production of any information for lack of relevance or for any other ground.

17. Designation of matter as "Confidential Information" or "Highly Confidential Information" does not have the effect of creating confidentiality not otherwise in existence. This Protective Order shall not be construed to prevent any person from making use of or disclosing information which:

- A. was published and/or publicly available without a restriction on confidentiality at the time of the disclosure to the receiving party;
- B. was within the possession of the receiving party prior to the disclosure to the receiving party and was acquired free of any obligation of confidentiality, directly or indirectly, to the disclosing party and the acquisition of which did not result,

directly or indirectly, from or in any violation of any obligation of confidentiality, or any misappropriation, or any tortious or illegal act by any party possessing or disclosing the information, and provided that the receiving party proves the prior possession by written records;

- C. is published or becomes publicly available without a restriction on confidentiality, through no fault of the receiving party; or
- D. is disclosed to the receiving party by a third party who imposed no obligation of confidentiality on the receiving party and the acquisition of which did not result, directly or indirectly, from or in any violation of any obligation of confidentiality, or any misappropriation, or any tortious or illegal act.
- E. is exempted from the operation of this Order by written consent of the party to the litigation who produces such Confidential and/or Highly Confidential Information.

18. However, no information or feature thereof which is specific, e.g., as to engineering and design practices and techniques, equipment, operations, components, etc., shall be deemed to be within the foregoing exceptions in paragraph 17 merely because the specific disclosures are embraced by more general information published and/or publicly available without a restriction on confidentiality or in the possession of the receiving party. In addition, any combination of features shall not be deemed to be within the foregoing exceptions in paragraph 17 merely because individual features are published and/or publicly available without a restriction on confidentiality or in the possession of the receiving party; the combination may be within the exceptions only if the combination itself and its methods or principles of design, manufacture and/or operation are published and/or publicly available without a restriction on confidentiality or in the possession of the receiving party and the acquisition of which did not result, directly or indirectly, from or in any violation of any obligation of confidentiality, or any misappropriation, or any tortious or illegal act.

19. Nothing in this Protective Order shall be deemed or construed to (1) preclude a party from seeking and obtaining, on an appropriate showing, additional protection with respect to the confidentiality of documents, testimony, court appearances or other matters, or (2) amend,

supersede or revoke the Confidentiality Agreements previously entered into among the parties to the litigation.

20. By conducting the preparation, including responses to discovery, and trial of the litigation under the terms of the Protective Order, the parties do not waive, and expressly retain the right to assert in this proceeding, or in any administrative investigation or other investigation or lawsuit, the application of any common law or statutory privileges or any theory of immunity from disclosure of the Confidential and/or Highly Confidential Information and any other confidential information.

21. If Confidential or Highly Confidential Information is disclosed to any person other than in the manner authorized by this Protective Order, the person responsible for the disclosure must immediately bring all pertinent facts relating to such disclosure to the attention of counsel for all parties, and without prejudice to other rights and remedies of any party, make every effort to prevent further disclosure by it or by the person who was the recipient of such information. Counsel shall advise counsel for all parties of any disclosure made contrary to this Protective Order within three (3) days of learning of any such disclosure.

SIGNED this the ____ day of _____, 1997.

MAR 30 1998


JUDGE PRESIDING

AGREED:

DESIGNATED ATTORNEYS OF RECORD AND CORPORATE COUNSEL

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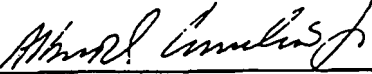

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EXHIBIT "A"

AGREEMENT OF CONFIDENTIALITY

NAME: _____

RESIDENCE _____

ADDRESS: _____

BUSINESS OR
OCCUPATION: _____

TITLE: _____

I hereby certify that I have read the Court's Agreed Protective Order entered on the ____ day of _____, 1997, in the cause presently pending in the 190th Judicial District Court of Harris county, Texas entitled *Natural Reserves Group, Inc. v. Baker Hughes, Incorporated, et al.*, and I am fully familiar with its terms. I understand that in the course of my activities in connection with this case I will or may have occasion to examine or inspect documents or things which are claimed by one or more parties to be highly confidential and of a proprietary nature, the disclosure of which may, according to one or more of the parties, cause irreparable damage. I, therefore, consent and agree to be bound by and comply with all the terms and prohibitions of said Order and not to do any act or thing in violation thereof.

I hereby stipulate and consent to the jurisdiction of the appropriate Texas Court for all purposes with respect to this Agreement.

SIGNATURE

DATED: _____